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Economic and Social Council

Provisional

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Provisional summary record of the 12th meeting
Held at Headquarters, New York, on Thursday, 24 May 2007, at 3 p.m.

President: Mr. Čekuolis ..... (Lithuania)

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07-35734 (E)

The meeting was called to order at 3.15 p.m.

Elections, nominations, confirmations and appointments (*continued*)

Commission on Population and Development

1. **The President** invited the Council to elect three members of the Commission on Population and Development from the Group of African States. Since he had been advised that the candidatures of Kenya, Tunisia and Uganda had been endorsed by the Group, he took it that the Council wished to elect by acclamation the proposed candidates for a four-year term beginning at the first meeting of the Commission's forty-second session in 2008 and expiring at the close of its forty-fifth session in 2012.

2. *It was so decided.*

3. **The President** said that, in the absence of any additional candidates for election to the Commission on Population and Development, he took it that the Council agreed to further postpone the election of two members from the Group of Western European and other States for a term beginning at the first meeting of the Commission's forty-second session in 2008 and expiring at the close of its forty-fifth session in 2012.

4. *It was so decided.*

Commission for Social Development

5. **The President** invited the Council to consider the remaining vacancies on the Commission for Social Development. Since he had been advised that the candidatures of Armenia and Nigeria had been endorsed by their respective groups, he took it that the Council wished to elect by acclamation Armenia and Nigeria for a term beginning at the first meeting of the Commission's forty-seventh session in 2008 and expiring at the close of its fiftieth session in 2012.

6. *It was so decided.*

7. **The President** reminded the Council of the existence of one outstanding vacancy on the Commission for Social Development, for a term beginning on the date of election and expiring at the close of the forty-ninth session in 2011, to be filled by a member of the Group of Eastern European States.

Adoption of the agenda and other organizational matters (*continued*) (E/2007/L.8 and L.9)

Report of the Commission on Science and Technology for Development on its ninth session (E/2006/31)

Draft decision E/2007/L.8: Report of the Commission on Science and Technology for Development on its ninth session

8. **The President** drew the Council's attention to the draft decision entitled "Report of the Commission on Science and Technology for Development on its ninth session" (E/2007/L.8).

9. *The draft decision was adopted.*

Report of the Committee for Development Policy on its eighth session (E/2006/33)

10. **The President** drew attention to the report of the Committee for Development Policy on its eighth session (E/2006/33) and, in particular, to recommendation 2 on the graduation of Samoa from the list of least developed countries.

11. **Mr. Elisaia** (Observer for Samoa) recalled that the Committee for Development Policy had already considered Samoa's proposal on inclusion of the economic vulnerability index as one of the two criteria to be met by countries prior to their graduation from the list of least developed countries on two separate occasions (in March 2006 and again in March 2007). However, he felt that the proposal had not been given the serious, comprehensive and objective consideration it deserved. In March 2007, following the second presentation of the proposal, the Committee had concluded that agreement to Samoa's request would entail a change to the principles of the criteria for the identification of the least developed countries, in that it would make a sufficiently low economic vulnerability index a necessary requirement for graduation. Unfortunately, however, the Committee's report on the presentation given by Samoa (E/2007/12) did not discuss the potential consequences of a low economic vulnerability index, and it went on to state that the Committee was not in a position to consider changes to the criteria currently in force or to agree to Samoa's request. Although the Council itself had mandated the Committee to look at Samoa's proposal and make recommendations, the Committee had failed to do so.

12. The Government of Samoa had submitted its proposal in good faith and believed that its request was

reasonable. It was not using the issue of the economic vulnerability index to mask a desire for the permanent deferral of its graduation, but simply wanted the Committee to give its proposal the consideration it deserved. In short, Samoa needed to be definitively convinced that its proposal was unrealistic and not viable and, if adopted, could have negative consequences for the various groups of countries with special needs. But, in the absence of advice from the Committee for Development Policy, Samoa had felt compelled to present its proposal to the Council itself.

13. Some felt that Samoa should be graduated notwithstanding its proposal because its persistence could be interpreted as a lack of respect for the work of the Committee for Development Policy. Others, including the Committee itself, had tried to convince Samoa that it could not be treated differently from other graduating countries. Both points of view were unhelpful, particularly the latter, which effectively closed the door to any further review of the criteria determining least developed country status. The graduation rule was not set in stone — indeed, the graduation criteria were continuously reviewed and refined. If the time had come to make conceptual or statistical improvements to the graduation rule or to the criteria, the Council should make those amendments regardless of precedents. Samoa should not be penalized for raising the issue of the economic vulnerability index merely because those who had come before had not done so. As for the concern that Samoa's insistence on pursuing its proposal might antagonize some of its development partners, sustainable development relied on durable and lasting partnerships, and Samoa did not want to alienate any country, large or small.

14. In closing, he said that the Council provided a refuge for small and vulnerable yet proud States seeking a sympathetic hearing and solutions to their problems. Samoa was merely asking the Council to treat its concerns humanely and with the dignity they deserved.

15. **Mr. Cabral** (Guinea-Bissau) emphasized the seriousness of the question at issue. Under Chapter X of the Charter of the United Nations, the Council was mandated to assist the most disadvantaged countries, and it must therefore reach out to the smallest, most vulnerable States. It was difficult to disagree with the arguments put forward by the representative of Samoa, since it was obvious that none of the least developed countries would choose to remain on the list unless there were specific and compelling reasons to do so. Samoa's proposal should have been considered more benevolently and logically, and he hoped that its resubmission would give the Council the necessary impetus to review the criteria for graduation in a more objective manner.

16. **Mr. Ayub** (Pakistan), speaking on behalf of the Group of 77 and China, expressed his unequivocal support for Samoa's proposal, which amounted to a request for an amendment to the rules governing the graduation process. In addition to its economic vulnerability, Samoa, as a small island developing State, was particularly susceptible to the effects of climate change. He called on all development partners to continue to provide the assistance necessary to overcome the challenges posed by that phenomenon.

17. Efforts must be made to breach the gap between word and deed. No State wanted to live in poverty forever, and all agreed with the concept of graduation. However, the criteria and rules governing graduation must be fair, and graduating countries should be fully involved in the process. Indeed, it was ironic that, while States were included on the list of least developed countries only with their consent, they could be graduated from the list against their will.

18. The Group of 77 and China took the view that the Council should not take substantive decisions at its organizational session, and therefore favoured deferring consideration of the matter at hand until the substantive session.

19. **Mr. Hoppe** (Germany), speaking on behalf of the European Union; the candidate countries Croatia and the former Yugoslav Republic of Macedonia; the stabilization and association process countries Albania and Montenegro; and, in addition, Liechtenstein, Moldova and Ukraine, reminded the Council that Samoa's case was a success story. The country's human assets index and per capita gross national income exceeded the threshold for graduation by almost 50 per cent and 66 per cent, respectively. Graduation was not a threat. Rather, it was a positive process and should be embraced as a decisive step forward in a country's development. The smooth transition period adopted by the General Assembly ensured that the graduating country could work together with its development partners in order to attenuate any potential reduction of the benefits associated with graduation.

20. The European Union expressed its full support for the recommendations of the Committee for Development Policy concerning the graduation of Samoa as contained in its report on its eighth session and its report on the presentation given by Samoa. It stressed the importance it attached to the list of least developed countries, particularly with regard to its relevance for the allocation of development cooperation funds, trade benefits and technical assistance.

21. As a regionally balanced expert body elected by consensus, the Committee for Development Policy must be guided by objective criteria. That principle was the cornerstone of the credibility of its recommendations on the designation of least developed country status and graduation, and, consequently, of the credibility of the list of least developed countries itself. Any decision that did not lead to an endorsement of the Committee's recommendation on the graduation of Samoa might have a negative impact on the Committee's authority. Such a decision might even call into question the relevance of the list. Indeed, the overly long debate on the issue might already have had that effect. The European Union th refore hoped that the Council would endorse the Committee's recommendation at the present meeting.

22. **Ms. Houngbedji** (Benin), speaking on behalf of the least developed countries, said that the current debate should not be interpreted as a threat to the least developed countries. However, the issues on the Council's agenda were of the utmost importance to those countries and the Council must therefore endeavour to respond appropriately to the request put forward by Samoa.

23. Samoa's graduation from the list of least developed countries was, a priori, a positive step and an acknowledgement of its efforts to achieve sustainable economic growth. However, the methodology governing the graduation was problematic. The Committee for Development Policy was responsible for drawing up the list of least developed countries and reviewed the relevant criteria on a triennial basis. In order to identify qualifying countries, it took account of three development indicators: per capita gross national income, human assets index and economic vulnerability index. In order to be classified as least developed countries, States must have reached the thresholds associated with each of those three indicators. Moreover, States could not be included on the list without their consent. In that connection, it was unclear why States had to fulfil three criteria to be included on the list but only two to be graduated from it, and why consent was required for inclusion on the list but not for graduation from it.

24. The Council should consider whether it was satisfied with the report of the Committee for Development Policy. The Committee appeared to have totally disregarded the concerns expressed by Samoa and, rather than conducting an objective analysis of the request that the economic vulnerability index should be one of the graduation criteria, had made a series of general remarks. In so doing, the Committee had neglected its responsibilities and, furthermore, had postponed consideration of a pressing issue that would, sooner or later, resurface.

25. **Mr. González Pérez** (Cuba) expressed his support for the request made by the representative of Samoa. Graduating Samoa from the list of least developed countries without taking account of its economic vulnerability index would have a significant impact on its economy and undermine its transition strategy. Countries with high levels of dependence on overseas development assistance, remittances and the agriculture and fisheries sectors did not have a voice within the World Trade Organization. Unable to send its own representative to Geneva, Samoa would be forced to accept shared representation, which would impose serious limitations on the exercise of its rights and the defence of its interests. Accordingly, and in light of the arguments put forward by the representative of Samoa, it would be a mistake for the Council to support recommendation 2.

26. **Mr. Mally** (United States of America) expressed disappointment that the Council had been unable to resolve the issue at hand in a conclusive manner, particularly since the debate over Samoa's graduation went to the very core of development policy. Further deferral of the matter was unnecessary and counter-productive because it divested the Committee for Development Policy, in which his delegation had full confidence, of responsibility for managing the list of least developed countries. Once the Council began to second-guess the recommendations of expert bodies responsible for evaluating least developed country status, donors would inevitably begin to question the relevance of such status. Since its creation, the list of least developed countries had increased from 25 to 50 States. The inability to graduate countries from the list

jeopardized its relevance for the most vulnerable nations, especially those in sub-Saharan Africa.

27. Samoa was to be commended for its bold economic reforms and its sound macroeconomic policy environment. It had far exceeded the thresholds for two key indicators used to assess suitability for graduation, but the United States understood its concerns about economic vulnerability. Nevertheless, the graduation and smooth transition processes included the safeguards necessary to prevent an economic slowdown in the graduating country.

28. Many States that were not on the list of least developed countries were vulnerable to external shocks. Over the last three decades, and particularly since the 2005 tsunami, emergency mechanisms had been strengthened with a view to ensuring that States were able to recover from natural disasters more rapidly and robustly. While more could be done, that issue should be considered separately from the question of poverty eradication and achievement of other Millennium Development Goals, for which the designation of least developed country status was relevant and necessary. The usefulness of that designation should not be undermined by confusing it with the need to strengthen the international community's capacity to respond to natural disasters.

29. He urged the Council to consider revitalizing the designation of least developed country status by making it more relevant to those countries that most needed it. The international community had a responsibility to facilitate the transition period of least developed countries that had made real progress in eradicating poverty. Graduation should be seen as an opportunity to publicize those achievements and attract foreign investors.

30. **Mr. Hart** (Barbados) said that, as the smallest Member State serving on the Council and a small island developing State, Barbados fully understood the legitimate concerns raised by the representative of Samoa. The issues raised merited serious consideration, and he therefore supported the deferral of the question.

31. **Ms. Banks** (New Zealand) expressed support for the fair application of criteria when assessing the eligibility of least developed countries for graduation. In order to foster more widespread confidence in the Organization's ability to designate least developed countries as such, the established criteria must be retained. Moreover, the Council should respect the independence and integrity of its own expert bodies.

32. While she was now in a position to endorse the recommendation made by the Committee for Development Policy, she recognized that graduation was a challenging process for small island States, whose isolation, small size and vulnerability to external shocks put them in a unique position. The sound macroeconomic and governance policies that had led to Samoa's eligibility for graduation were commendable. Having concluded a treaty of friendship with the Samoan Government, New Zealand had a special relationship with the island, and remained committed to maintaining its current levels of development assistance, regardless of Samoa's status.

33. **Mr. Malhotra** (India) expressed his support for Samoa's position that the economic vulnerability index should be one of two applicable graduation criteria. The Council must be sensitive to Samoa's concerns regarding its graduation. He had no objection to the conclusions drawn by the Committee for Development Policy on the basis of the available criteria. However, the Council had an obligation to approach the issue from a political perspective as well as a purely statistical one. Recalling that the next triennial review of the graduation criteria would take place in 2008, he took the view that consideration of the matter should be deferred.

34. **Mr. Adsett** (Canada) said that Canada would continue to be a strong supporter of least developed country status and special measures to assist the least developed countries because the international community should work together to assist its most vulnerable members. It was particularly important to ensure that the list of least developed countries remained credible and focused. The graduation process itself reflected the graduating country's achievement of a measure of economic development and, more importantly, was a critical first step in the process of economic transformation. However, graduation must go hand in hand with a smooth transition process, thereby allowing countries to prepare themselves in a more effective manner for the next stage of development.

35. He attached similar importance to the working methods developed by the Council. In the case at issue, the Committee for Development Policy had been mandated to conduct an agreed process to determine

which countries could be graduated from the list and to report to the Council on its findings. The Council had decided to proceed in that manner in order to ensure that such decisions were taken in an objective, methodical fashion. It should therefore avoid deferring the decision on the graduation of Samoa in order to preserve the credibility and authority of the Committee.

36. **Mr. Atiyanto** (Indonesia) observed that Samoa's economic progress was, for the most part, externally driven and not a result of internal capacity-building. The island's economic vulnerability was therefore undeniable. The Committee for Development Policy had been asked to tailor its analysis to the specific characteristics and circumstances of the graduating country, but its recommendation had not found favour with Samoa. It was therefore time for the Council to take a decision on the issue.

37. **Mr. Yao** Wenlong (China) said that, while Samoa had made some progress on the economic front in recent years, its economic vulnerability index remained high. As a small island developing State, Samoa was particularly susceptible to climate change and other unpredictable events that posed significant challenges to its sustainable development. He sympathized with Samoa's position and therefore favoured deferring the question.

The meeting was suspended at 4.20 p.m. and resumed at 5.15 p.m.

Draft decision E/2007/L.9: Report of the Committee for Development Policy on its eighth session

38. **Mr. Mally** (United States of America), introducing the draft decision entitled "Report of the Committee for Development Policy on its eighth session" (E/2007/L.9), drew attention to subparagraph (a) of the draft, pursuant to which the Council would endorse recommendation 2 of the Committee for Development Policy. He hoped that the draft decision, which served to highlight Samoa's considerable economic accomplishments, would be adopted by consensus.

39. **Ms. Houngbedji** (Benin), speaking on behalf of the Group of 77 and China and referring to rule 50 of the Council's rules of procedure, proposed adjourning the debate until the substantive session of the Council, which would be held in Geneva in July 2007.

40. **Mr. Sow** (Guinea), supported by **Mr. Cabral** (Guinea-Bissau), endorsed the proposal put forward by the representative of Benin.

41. **Mr. Mally** (United States of America), speaking on a point of order, requested clarification of the proposal made by the representative of Benin.

42. **The President** said that the representative of Benin had proposed deferring the debate on draft decision E/2007/L.9 until the Council's forthcoming substantive session.

43. **Mr. Mally** (United States of America) said that further deferring a decision on the graduation of Samoa would divest the Committee for Development Policy of its responsibility for managing the list of least developed countries. As such, he opposed the proposal put forward by the representative of Benin.

44. **Mr. Adsett** (Canada) said that action on draft decision E/2007/L.9 should not be deferred.

45. *A vote was taken by roll-call on the proposal to adjourn the debate.*

46. *Lithuania, having been drawn by lot by the President, was called upon to vote first.*

In favour:

Algeria, Angola, Barbados, Belarus, Benin, Bolivia, Cape Verde, China, Costa Rica, Cuba, Democratic Republic of the Congo, El Salvador, Guinea, Guinea-Bissau, Guyana, Haiti, India, Indonesia, Iraq, Malawi, Pakistan, Paraguay, Philippines, Somalia, South Africa, Sri Lanka, Sudan, Thailand.

Against:

Canada, United States of America.

Abstaining:

Austria, Czech Republic, Denmark, France, Germany, Greece, Iceland, Japan, Lithuania, Luxembourg, Mexico, Netherlands, New Zealand, Portugal, Romania, Russian Federation, United Kingdom of Great Britain and Northern Ireland.

47. *The proposal to adjourn the debate was adopted by 28 votes to 2, with 17 abstentions.*

48. **Mr. Hoppe** (Germany), speaking on behalf of the European Union, expressed his dissatisfaction with the outcome of the debate, since he believed that the Council could and should have endorsed the

recommendation made by the Committee for Development Policy. However, the European Union had abstained from the vote in order to indicate its willingness to pursue negotiations on the issue at the forthcoming substantive session in Geneva.

49. **Ms. Houngbedji** (Benin), speaking on behalf of the Group of 77 and China, noted that there was no opposition to Samoa's graduation. However, the issue was a serious one and, as such, should be discussed at the substantive session in Geneva.

50. **Mr. Maksimychev** (Russian Federation) said that his delegation attached great importance to the efforts undertaken by the United Nations to assist the least developed countries and therefore supported the work of the Committee for Development Policy. In that context, it was particularly important to abide by the established criteria. He had abstained from the vote because he felt that any decision on the question at issue should be taken by consensus.

The meeting rose at 5.35 p.m.